Where the Gold Is

America's wealthiest 1%, according to my research, have always been focused on maintaining the stability of our monetary system, whether that system is based on gold or, since 1973, on oil.

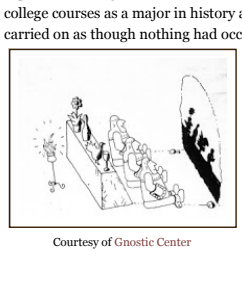
Showing posts with label **opium trade**. Show all posts

Monday, August 19, 2013

Conception of National Interest with Disastrous Implications

> The Americans were marvelously ingenious in their exploitation of the commerce. They managed to circumvent both the East India Company's franchise and the Chinese Government's prohibition and carried on a very lucrative, if antisocial and ultimately ruinous trade. Finally, the fact of American participation in the [opium] traffic fundamentally altered the American posture in the Far East. It grew like the Southern view of slavery -- **what began as an economic necessity ultimately developed into a conception of national interest with disastrous implications for the future.**
>
> Quoted from an article by **Professor Jacques M. Downs**, "American Merchants and the China Opium Trade, 1800-1840," published in *The Business History Review*, Vol. 42, No. 4 (Winter, 1968), pp. 418-442. Downs was professor of history at St. Francis College in Biddeford, Maine. (See his obituary in the September 17, 2006 *Portland Press Herald / Maine Sunday Telegram*.)

The entire 26-page research article (available for purchase at various websites or free from JSTOR in libraries which subscribe), from which the above quote is taken, appeared in print the same year that the assassinations of Martin Luther King, Jr. and Robert F. Kennedy ripped apart the United States. I remember that year with both horror and awe, as my own life suffered a violent philosophical wrenching so alien to what was occurring all around me. As a sophomore in high school when President Kennedy had died from assassins' bullets, I had almost completed my college courses as a major in history and government in my West Texas home by 1968. While friends and family carried on as though nothing had occurred, my life was changed forever.



Courtesy of Gnostic Center

The previous year my English lit class had studied Plato's *Republic*, and I felt as though I were living the scene where Socrates describes the cave-like prison where inhabitants face a wall where they view only the shadows of what is going on behind them, created by a light behind the events being played out in reality.

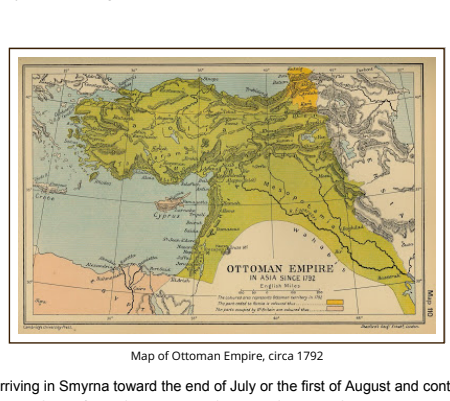
It was not unlike the mirror image of a world into which Alice had climbed--almost real, but not quite real. And the sound track was being provided for us daily to describe the events, that we couldn't quite trust as truth. My education was only just beginning, but it was interrupted for quite a few years of angry cynicism that kept me off-track. I did not know where to turn. I began to distrust everyone and everything. Finding my way back was a long, hard road. I watched as many of my contemporaries were sucked into Vietnam, either as war or anti-war participants. Little did we know at the time that the history about which Professor Downs had written was coming to pass.

Excerpts from *"American Merchants and the China Opium Trade, 1800-1840,"* by *Jacques M. Downs*

An Existing Business Model

Most of our knowledge comes from the accounts of Europeans visiting or residing in Smyrna in the late century. More complete information apparently must await the systematic exploitation of Turkish records. [*See* - By far the best sources I have found to date are Salaheddin Bey, *La Turquie a l'exposition universelle de 1867* (Paris, 1867) 48-56, and Carl von Scherzer, *Smyrna* (Vienna, 1873), 136-140. Scherzer was Austrian Consul at Smyrna for many years and should know his subject. *See also* O. Blau, "Etwas fiber das Opium" in the Zeitschrift der Deutschen Morgenliindischen Gesellschaft (1869), 280-281. The latter article, though very brief, cites several earlier sources in German and French. Unfortunately, neither Blau nor many of his references are readily available in this country.]

Opium was planted in late October and November and began to grow during the winter. Although the cold weather kept the plants small, the root-system developed considerably. Thus with the coming of spring, the plants would grow rapidly, each sending up from one to four stalks three or four feet high. At the end of April the poppies bloomed, and about two weeks after the petals fell, the poppy-head was fully developed and ready for harvesting....



Map of Ottoman Empire, circa 1792

The crop began arriving in Smyrna toward the end of July or the first of August and continued until the following spring. [*See a letter from* Thomas H. Perkins to John P. Cushing, January 15, 1825, Samuel Cabot Collection, Massachusetts Historical Society, Boston.] Merchants resident at Smyrna purchased the raw opium for shipment overseas, most importantly to the Orient, though one-quarter to one-half seems generally to have gone to Europe and elsewhere.

In the early days of this commerce most Americans employed the good offices of the British Levant Company, since it was customary to use "the flag and the protection" of a nation which had a trade agreement with the Sublime Porte. [fn. - The United States had no formal agreement with the Porte until the Rhind Treaty of 1830. For further information, see Samuel Eliot Morison, "Forcing the Dardanelles in 1810," *New England Quarterly*, I (April, 1928), 208-225.] For this service, they paid "a light consulage and dragomange duty, roughly about one per cent on the value of goods imported and exported." Although the British Consul-General in Constantinople reported as late as 1809 that Americans still preferred to consign their goods to the Levant Company, the trading pattern soon began to change.

As early as the late 1790's, American vessels were calling at Smyrna but it was not until 1804 that Philadelphia and Baltimore ships began the trade in earnest. [*See* Charles C. Stelle, "American Opium Trade to China prior to 1820," *Pacific Historical Review*, IX (Dec., 1940), 430-431. See also letter from R. Wilkinson to James Madison, January 15, 1806, U.S. Department of State, *Despatches from Consuls in Smyrna*, I, National Archives, Washington, D.C.] Probably the first figures of any consequence in the American drug trade from Smyrna to China were James and Benjamin C. Wilcocks. The former arrived in Smyrna in 1804 as supercargo of the brig Pennsylvania. They cleared for Batavia, but both were in China by the following October. Benjamin remained, but James appears to have gone home with the ship, to return via Smyrna on the *Sylph* the following year with more opium. [Note: The Wilcockses sailed for their kinsmen, William Waln and R. H. Wilcocks of Philadelphia, who continued to send ships to Canton consigned to the brothers. *See letter from* Wilkinson to Madison, January 15, 1806; *Despatches from Consuls in Smyrna*. Benjamin Wilcocks remained in Canton until 1807 or 1808. He then returned home and established a business in Philadelphia but "was obliged to return . . . in 1811." *See letter from* John R. Latimer to Mary R. Latimer, March 30, 1830, John R. Latimer Papers, Library of Congress, Washington, D.C.]

Apparently the commerce paid, for several other American China merchants immediately showed an interest. Willings & Francis sent opium aboard the *Bingham* in the spring of 1805, [*See letters* from the supercargo, William Read, in the Willings & Francis Collection, Historical Society of Pennsylvania, Philadelphia.

The brig *Eutaw*, Captain Christopher Gantt, of Baltimore was in Smyrna from July to November, 1805, and then sailed for Canton with 26 chests and 53 boxes of opium aboard, and in January of the following year, Stephen Girard seems to have become excited by the possibilities of the trade. He wrote two of his supercargoes in the Mediterranean:

> "I am very much in favor of investing heavily in opium. While the war lasts, opium will support a good price in China .... " [*See letter from* Girard to Mahlon Hutchinson, Jr., & Myles McLeveen, January 2, 1805, Stephen Girard Papers, Girard College Library, Philadelphia, Pa. on microfilm at the American Philosophical Society Library, Philadelphia.]

James & Thomas H. Perkins of Boston, who had relatives in Smyrna, had inquired of their nephew at Canton as to the market for Turkish opium in China. [Note: Extracts from two letters from J. & T. H. Perkins to John P. Cushing June 19, September 23, 1805, quoted in J[ames] E[lliott] C[abot], "Extracts from the Letterbooks of J. & T. H. Perkins..." (*See* typewritten Manuscript, Massachusetts Historical Society, n.d.] John Cushing [See *Biographical Dictionary of American Business Leaders* by John N. Ingham] had gone to Canton as clerk to Ephraim Bumstead, a former apprentice in the Perkins house. Bumstead fell ill and died, and Cushing, age 16, took over. When he came of age, he was made a partner in the firm, Perkins & Company, which he had organized and run since his arrival. He proved to be a merchant of rare ability and amassed a fortune of nearly one million dollars before he finally sailed for home in 1831. Others soon joined them, and the first of a series of "opium rushes" was reported at Smyrna by Girard's disappointed agents. [*See letter from* Mahlon Hutchinson, Jr., & Myles McLeveen to Girard, March 30, 1806, Girard Papers.] In 1807, another Philadelphian, George Blight, reported from China that while opium "at times paid very well," it had "disappointed many the past season" because the trade had been far overdone. [*See letter from* Blight to Girard, March 4, November 21, 1807, Girard Papers.]

Specie Substitute: An economic necessity of trade where supply exceeds demand, and mediums such as gold or silver, bills of exchange, and book credit are not available to pay for a desired commodity. The purchaser finds another commodity desired by the "seller," by using a form of barter. The new commodity is referred to in economics as a "specie substitute."

Opium As a Specie Substitute

Here was a pattern which was typical in the American China trade. Precisely the same configuration had appeared in the commerce in ginseng, sealskins, sandalwood, and just about every other *specie-substitute* American merchants discovered. The first ships would make a killing, the scent of which would draw others into the trade until the market was saturated, and the trade ceased to pay. Thereafter, periodic gluts would occur until the supply became exhausted (as with sandalwood and fur) or until a few of the stronger firms established some sort of loose organization of the market. In the Turkish opium trade, the organizers were Perkins & Company and its allied concerns in Boston.

America's War on Drugs

What we had begun to see by 1968 was a phony war against drugs. We were being told that marijuana was a gateway drug, not only highly addictive, but which would lead to even worse opiate addictions--primarily heroin. A war was necessary. Not only should all these narcotics be "controlled," but anyone who used or possessed them should be prosecuted as criminals. I was rebellious only in mind and spirit but quite conservative where behavior was concerned. I avoided all drugs, including tobacco, and had never even tasted beer or wine until after graduating college in 1970.

I lived and operated within a strange world of half-life, where I did what a good girl would do, while at the same time held those who would try to control my beliefs or actions in total and utter contempt. I knew in my gut that Lee Harvey Oswald, for example, had not killed President Kennedy, that Sirhan Sirhan was also a mind-controlled patsy, and that there was something much bigger and uglier than James Earl Ray who was responsible for killing Martin Luther King. I could not explain how I knew, but I did.

I had completed law school by 1975, while maintaining a deprecatory opinion of lawyers and a fear of being co-opted if hired by a firm of them. I shunned the adversary system which I saw as a sham that required sophistry of the highest register. I refused to argue on behalf of or support people or principles with which I disagreed. Thus I eventually found a niche within the land title and abstract industry, which seemed so close to my love of history. In time, I prospered, grew ever confident within myself, and began to meet others who shared my point of view--thanks, of course, to the internet.

It was only after meeting such folks as Kris Millegan and Catherine Austin Fitts, hearing their stories, reading and researching with them in the mid-1990's, that I was able to free the restraints that kept me from changing my position in the cave. Only with their helpful insight did I begin to look at reality head on. I can never thank them enough for allowing me to step into the world of truth where we now reside together.

We had started to realize by that time that the drug war was being fought to benefit a secret intelligence group who wanted to eliminate their competition and thus effectively create a price support floor under the commodity which paid for America's "national security" infrastructure.

So many of our research community referred to this phenomenon as "CIA Drugs," but I knew it began much earlier than the year 1947, when the CIA was born. Little did I know that Professor Downs had already discovered in 1968 that elements within our government had conceived of this use of opium as a substitute specie as being in the "national interest," or national *security* interest as it became to be called, and that conception would have ever more disastrous implications for us and our world.

Posted by Linda Minor at 3:24 PM No comments: Links to this post

Labels: China trade, Forbes, Funding Covert Ops, Gold Exchange, opium trade

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Friday, August 16, 2013

From Oyster Bed to Walrus in One Fell Swoop

"The world is governed by very different personages from what is imagined by those who are not behind the scenes."--Disraeli in novel, Coningsby (1844)

In "Seeing the World Whole," I tried to emphasize what two English men, prime minister Disraeli in 1844 and Lewis Carroll in 1871, had discovered about the world in which they lived, during the same era in which the Forbes family came to prominence in the early years of self-government in the United States. We live simultaneously within alternative universes. THE WORLD IS NOT AS IT SEEMS.

Hedging Bets

The Hartford Convention or LEAP NO LEAP

Hartford Convention or LEAP NO LEAP, ca. 1814

As we ended the previous segment in 1776, we were struck by the number of colonists, such as James Murray, who bet all they had on the wrong side. Loyal to the British Crown to the end, Murray went with others who opposed the revolution to Halifax, Nova Scotia, and forfeited all his interest in properties he owned within the newly declared nation.

His sister and two daughters, nevertheless, remained behind in Massachusetts and fought to retain title to the land and businesses they had worked for. The collected letters of James Murray, Loyalist, published in 1902, tell us that his these women were near Cambridge when they heard the guns from the battle at nearby Bunker Hill, and they fled from the Inman estate, taken over by patriot general, Israel Putnam, for his camp. They ended up at the Brush Hill mansion near Milton. Scroll down to the map inset below for these locations.

Murray's sister, Elizabeth Inman, remained in Massachusetts throughout the war and until her death in 1785. The property of Ralph Inman in Cambridge, though confiscated for a time, was returned to his family, all Tories as well, and sold in 1792; it is now part of the community northeast of Harvard. Elizabeth somehow reconciled with the old curmudgeon, and he survived her by three years, though his avarice and envy continued even as his wife lay dying. Dolly Forbes was present to witness this, while her sons were coming to adulthood.

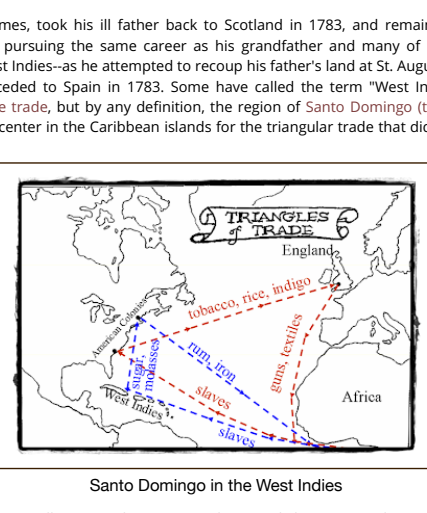
Unlike her father and husband, Dolly was a realist who was able to cast aside any preference for British rule from a distance and take her chances with the new self-government. She did so completely alone, after her father's evacuation in 1776, her husband's departure in 1783, and her beloved aunt's death in 1785, living on her own there in Boston and its surrounding communities of Milton and Cambridge until her own death in 1811.

John Forbes, you may recall, had spent his adult years in East Florida while it, too, was British-owned, and we are told by E.L. Pennington in an article in "Florida History Quarterly," VIII, 164-68, January 1930 that he had:

> received his education at King's College in old Aberdeen, where he passed through the ordinary course of Greek, mathematics, and philosophy, and attended lectures in divinity. The University of Aberdeen conferred on him the degree of M.A. in the spring of 1763, and he was then recommended to the bishops of the Church of England for ordination to the ministry.... In 1783, after nearly twenty years in the province, he returned to England on leave of absence, in bad health. He died in England, September 17, 1783, leaving a widow [Dolly] and three sons:
>
> - James Grant Forbes (1769-1826),
> - John Murray Forbes (1771-1831), and
> - Ralph Bennet Forbes (1773-1824).

It's Whom You Know...

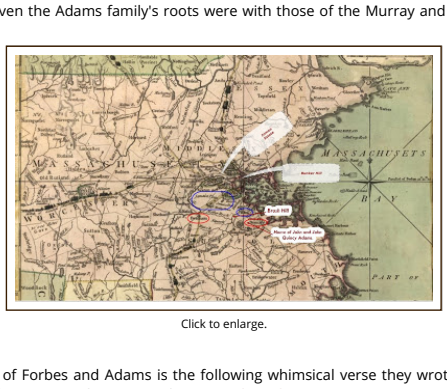
The first Forbes son, James, took his ill father back to Scotland in 1783, and remained to be educated (see footnote in link) before pursuing the same career as his grandfather and many of his Murray relatives had chosen--trade in the West Indies--as he attempted to recoup his father's land at St. Augustine, East Florida, which had been part of that ceded to Spain in 1783. Some have called the term "West India trade" to be a mere euphemism for the slave trade, but by any definition, the region of Santo Domingo (today's Haiti), where they lived for a time was the center in the Caribbean islands for the triangular trade that did include slaves as one of its legs.



Santo Domingo in the West Indies

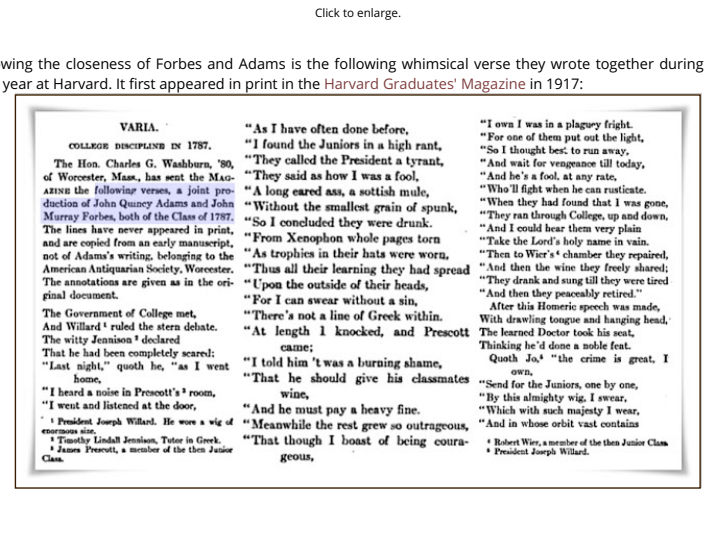
John Murray "Jack" Forbes, Dolly's second son, entered Harvard that year at the age of only 15; in 1787, he graduated in the same class with future U.S. President, John Quincy Adams (hereafter J.Q.). Still operating under the articles of confederation, the new country had not yet adopted the current Constitution. J.Q.'s father, John Adams, a diplomat as well as vice president in George Washington's administration before he himself was elected the second U.S. President in 1796, worked hard to see the new country succeed, despite all attempts from opponents to ensure its collapse.

Four years older and more mature than his younger classmate, J.Q. on occasion dined at the Forbes home in Boston. James had returned from Scotland by then, as the two brothers are mentioned in the diary J.Q. kept. Selected excerpts from that diary indicate that most of J.Q.'s youth had been spent abroad with his father, both of whom were born in Braintree, later called Quincy, Massachusetts. A map of the colony, showing the area reveals how closely woven the Adams family's roots were with those of the Murray and Forbes haunts, labeled for convenience below.



Click to enlarge.

Showing the closeness of Forbes and Adams is the following whimsical verse they wrote together during their last year at Harvard. It first appeared in print in the Harvard Graduates' Magazine in 1917:



VARIA.

COLLEGE DISCIPLINE IN 1787.

The Hon. Charles G. Washburn, '80, of Worcester, Mass., has sent the Magazine the following verses, a joint production of John Quincy Adams and John Murray Forbes, both of the Class of 1787. The lines have never appeared in print, and are copied from an early manuscript, not of Adams's writing, belonging to the American Antiquarian Society, Worcester. The annotations are given as in the original document.

The Government of College met,
And Willard[1] ruled the stern debate.
The witty Jennison[2] declared
That he had been completely scared;
"Last night," quoth he, "as I went home,
"I heard a noise in Prescott's[3] room,
"I went and listened at the door,
"As I have often done before,
"I found the Juniors in a high rant,
"They called the President a tyrant,
"They said as how I was a fool,
"A long eared ass, a sottish mule,
"Without the smallest grain of spunk,
"So I concluded they were drunk.
"From Xenophon whole pages torn
"As trophies in their hats were worn,
"Thus all their learning they had spread
"Upon the outside of their heads,
"For I can swear without a sin,
"There's not a line of Greek within.
"At length I knocked, and Prescott came;
"I told him 't was a burning shame,
"That he should give his classmates wine,
"And he must pay a heavy fine.
"Meanwhile the rest grew so outrageous,
"That though I boast of being courageous,
"I own I was in a plaguy fright,
"For one of them put out the light,
"So I thought best to run away,
"And wait for vengeance till today,
"And he's a fool at any rate,
"Who'll fight when he can rusticate.
"When they had found that I was gone,
"They ran through College, up and down,
"And I could hear them very plain
"Take the Lord's holy name in vain.
"Then to Wier's[4] chamber they repaired,
"And then the wine they freely shared;
"They drank and sung till they were tired
"And then they peaceably retired."
After this Homeric speech was made,
With drawling tongue and hanging head,
The learned Doctor took his seat,
Thinking he'd done a noble feat.
Quoth Jo.[5] "the crime is great, I own,
"Send for the Juniors, one by one,
"By this almighty wig, I swear,
"Which with such majesty I wear,
"And in whose orbit vast contains

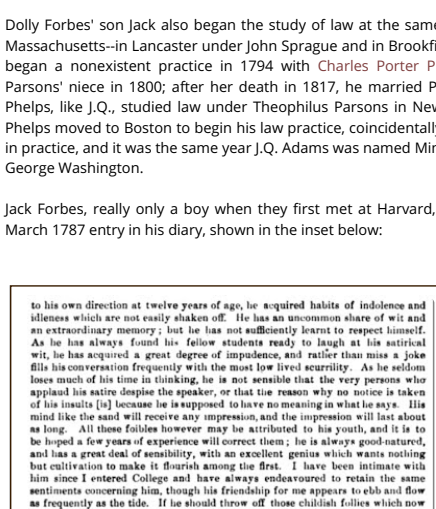
[1] President Joseph Willard. He wore a wig of enormous size.
[2] Timothy Lindall Jennison, Tutor in Greek.
[3] James Prescott, a member of the then Junior Class.
[4] Robert Wier, a member of the then Junior Class.
[5] President Joseph Willard.

J.Q.'s diary relates that, after Harvard, he studied law under Theophilus Parsons (author of pamphlet, The Essex Result) in Newburyport before setting up a law practice in Boston in 1790. During this time, in the fall of 1788, J.Q.'s health suffered, and he found himself somewhat dependent upon opiates for sleep, the diary revealed, but whether the dependence continued we do not know.

Of Consuls, Spies and Sealing Wax

Dolly Forbes' son Jack also began the study of law at the same time, but under different men and locations in Massachusetts--in Lancaster under John Sprague and in Brookfield under Pliny Merrick. Intriguingly, however, he began a nonexistent practice in 1794 with Charles Porter Phelps (Harvard 1791), who married Theophilus Parsons' niece in 1800; after her death in 1817, he married Parsons' 27-year-old daughter, Charlotte in 1820. Phelps, like J.Q., studied law under Theophilus Parsons in Newburyport, but a few years later. The same year Phelps moved to Boston to begin his law practice, coincidentally, was the only year Forbes claimed to have been in practice, and it was the same year J.Q. Adams was named Minister to the The Hague, Netherlands by President George Washington.

Jack Forbes, really only a boy when they first met at Harvard, was described by Adams in an almost intimate March 1787 entry in his diary, shown in the inset below:

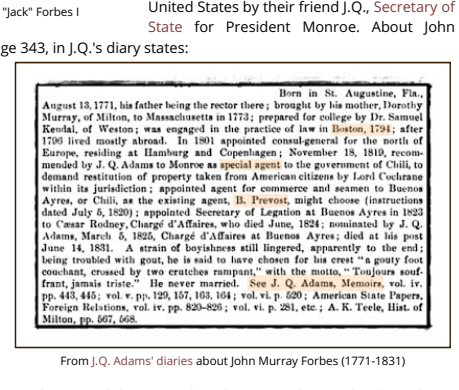


to his own direction at twelve years of age, he acquired habits of indolence and idleness which are not easily shaken off. He has an uncommon share of wit and an extraordinary memory; but he has not sufficiently learnt to respect himself. As he has always found his fellow students ready to laugh at his satirical wit, he has acquired a great degree of impudence, and rather than miss a joke fills his conversation frequently with the most low lived scurrility. As he seldom loses much of his time in thinking, he is not sensible that the very persons who applaud his satire despise the speaker, or that the reason why no notice is taken of his insults [is] because he is supposed to have no meaning in what he says. His mind like the sand will receive any impression, and the impression will last about as long. All these foibles however may be attributed to his youth, and it is to be hoped a few years of experience will correct them; he is always good-natured, and has a great deal of sensibility, with an excellent genius which wants nothing but cultivation to make it flourish among the first. I have been intimate with him since I entered College and have always endeavoured to retain the same sentiments concerning him, though his friendship for me appears to ebb and flow as frequently as the tide. If he should throw off those childish follies which now disgrace his character, and apply with diligence to study, he would be an honour to his friends and an ornament to society."

John Quincy Adams' description of John Bennet "Jack" Forbes I

J.Q.'s reference to Jack's older brother, James Grant Forbes, supplemented by footnote 3 which begins at page 343, gives sufficient details about Dolly's eldest son to discern that he was a soldier during the war of 1812, both under Gen. Andrew Jackson and under Gregor MacGregor, where he served as a spy for Secretary of State Adams in 1818 and subsequently.

During this same time the spy's younger brother Jack was serving in the new diplomatic corps being created for the United States by their friend J.Q., Secretary of State for President Monroe. About John Murray Forbes, footnote 2, which begins at page 343, in J.Q.'s diary states:



Born in St. Augustine, Fla., August 13, 1771, his father being the rector there; brought by his mother, Dorothy Murray, of Milton, to Massachusetts in 1773; prepared for college by Dr. Samuel Kendal, of Weston; was engaged in the practice of law in Boston, 1794; after 1796 lived mostly abroad. In 1801 appointed consul-general for the north of Europe, residing at Hamburg and Copenhagen; November 18, 1819, recommended by J. Q. Adams to Monroe as special agent to the government of Chili, to demand restitution of property taken from American citizens by Lord Cochrane within its jurisdiction; appointed agent for commerce and seamen to Buenos Ayres, or Chili, as the existing agent, B. Prevost, might choose (instructions dated July 5, 1820); appointed Secretary of Legation at Buenos Ayres in 1823 to Cæsar Rodney, Chargé d'Affaires, who died June, 1824; nominated by J. Q. Adams, March 5, 1825, Chargé d'Affaires at Buenos Ayres; died at his post June 14, 1831. A strain of boyishness still lingered, apparently to the end; being troubled with gout, he is said to have chosen for his crest "a gouty foot couchant, crossed by two crutches rampant," with the motto, "Toujours souffrant, jamais triste." He never married. See J. Q. Adams, Memoirs, vol. iv. pp. 443, 445; vol. v. pp. 129, 157, 163, 164; vol. vi. p. 320; American State Papers, Foreign Relations, vol. iv. pp. 820-826; vol. vi. p. 281, etc.; A. K. Teele, Hist. of Milton, pp. 567, 568.

From J.Q. Adams' diaries about John Murray Forbes (1771-1831)

Commercial Agent for U.S. Gov't?

One month before leaving office in 1801, Pres. John Adams included as part of his "midnight appointments" a place for Jack as commercial agent in Le Havre. Although confirmed by the Senate, the papers were not delivered to him before Thomas Jefferson's inauguration, and Jefferson, suspecting these appointees would not be loyal to him, named his own man for the post.

It took some lobbying before he agreed to name Forbes as consul in Hamburg--"a Situation of the highest Commercial importance and responsibility," as Jack Forbes termed it in a thank-you letter to the new President in 1802.

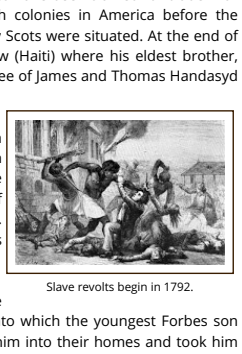
At this consulate, Jack soon began to operate a "commercial partnership" with younger brother, Ralph Bennet Forbes, now at loose ends after the slave rebellion in Santo Domingo ended his prospects there. (The papers from Jack's days as U.S. Consul at Hamburg and Copenhagen, 1801-19, and U.S. Agent at Buenos Aires, 1819-31 are deposited at the Baker Library at Harvard.)

In a previously published version of this research it was stated:

> The youngest son, Ralph Bennet Forbes, who learned the shipping business as an apprentice to his uncle, John Murray, in Virginia, made his first journey to the Bordeaux wine region of France in 1795 with a shipload of rice and tobacco, which he traded for brandy, a product which his ship then transported to Hamburg, the center of the old Hanseatic merchant associations, before making the return voyage, possibly loaded with salt and other commodities from that port. In this triangular fashion he spent much of his life, at times making his home in France, where two of his three sons were born. He was one member of a large family of adventuring merchants who had traveled the world in such fashion for many generations. [See The History of Milton, Mass.: 1640 to 1887 written by Rev. Albert Kendall Teele, (Boston: Press of Rockwell & Churchill), 1887, which mentions John B. Murray of Alexandria, Va., stating that Ralph was apprenticed to him in 1787, but it did not identify Murray as Ralph's uncle; that was an incorrect assumption on my part at the time of writing.]

Of Slaves and Drugs and Sailing Ships

Ralph was in fact an apprentice to Dolly Forbes' first cousin, John Boyles Murray, whose father was Dr. John Murray, her uncle, a physician in Norwich, England. All of the Murrays seem to have been trained for trade with the West Indies, probably the British island of Jamaica, as well as British colonies in America before the revolution. James Murray had chosen to settle in North Carolina where many Scots were situated. At the end of Ralph's training period in 1791, he went to Port-au-Prince, St. Domingo now (Haiti) where his eldest brother, James Grant Forbes, was then engaged in the trade, most likely as an employee of James and Thomas Handasyd Perkins.



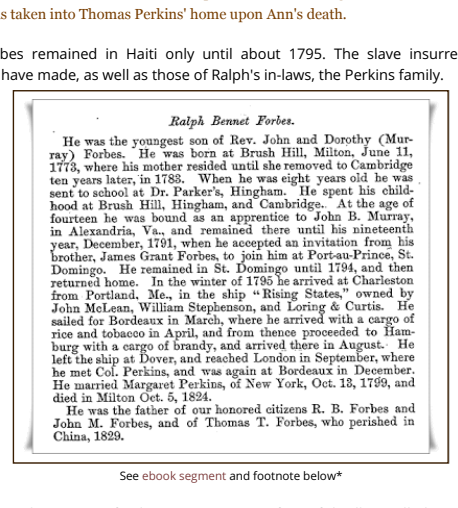
Slave revolts begin in 1792.

Thomas Handasyd Perkins was slightly older than James and had decided at a young age to be a merchant servicing as apprentice to the Shattucks in Boston until 1785, at which time he and his brothers entered into trade together between Santo Domingo and New England. That trade consisted of acquiring slaves from Africa with rum and iron taken there from New England. Their ships would then leave the West Indies with raw sugar and molasses produced by slave labor and delivered to New England to make rum.

The marriages that occurred in the Perkins family reveal much about the business climate in eastern Massachusetts at that time. This is the family into which the youngest Forbes son would marry in 1799. His wife's older siblings and their spouses welcomed him into their homes and took him into business with them. Together they would be numbered among the wealthiest families in the entire state.

> Children of James and Elizabeth (Peck) Perkins:
>
> - Elizabeth in 1773 married Russell Sturgis;
> - James Perkins, Jr. in 1786 married Sarah Paine, daughter of Timothy Paine, a Tory-sympathizing judge, forced to publicly recant his views and resign his judgeship;
> - Thomas H. Perkins in 1788 married Sarah Elliott, daughter of Simon Elliott, a tobacco merchant in Boston, from whom they inherited some valuable mill property;
> - Samuel Gardner Perkins in 1795 married Barbara Higginson, daughter of Stephen Higginson of Salem, Mass.;
> - Ann Maynard Perkins in 1785 married Captain Robert Cushing, and their son John Perkins Cushing was taken into Thomas Perkins' home upon Ann's death.

James and Ralph Forbes remained in Haiti only until about 1795. The slave insurrections devastated any investments they may have made, as well as those of Ralph's in-laws, the Perkins family.



Ralph Bennet Forbes.

He was the youngest son of Rev. John and Dorothy (Murray) Forbes. He was born at Brush Hill, Milton, June 11, 1773, where his mother resided until she removed to Cambridge ten years later, in 1783. When he was eight years old he was sent to school at Dr. Parker's, Hingham. He spent his childhood at Brush Hill, Hingham, and Cambridge. At the age of fourteen he was bound as an apprentice to John B. Murray, in Alexandria, Va., and remained there until his nineteenth year, December, 1791, when he accepted an invitation from his brother, James Grant Forbes, to join him at Port-au-Prince, St. Domingo. He remained in St. Domingo until 1794, and then returned home. In the winter of 1795 he arrived at Charleston from Portland, Me., in the ship "Rising States," owned by John McLean, William Stephenson, and Loring & Curtis. He sailed for Bordeaux in March, where he arrived with a cargo of rice and tobacco in April, and from thence proceeded to Hamburg with a cargo of brandy, and arrived there in August. He left the ship at Dover, and reached London in September, where he met Col. Perkins, and was again at Bordeaux in December. He married Margaret Perkins, of New York, Oct. 13, 1799, and died in Milton Oct. 5, 1824.

He was the father of our honored citizens R. B. Forbes and John M. Forbes, and of Thomas T. Forbes, who perished in China, 1829.

See ebook segment and footnote below*

**(See page 568, in The History of Milton). At one time a firm of distillers called "Loring and Snelling" of which Caleb Loring of Hingham, Massachusetts, was a partner, owned a ship called Rising States; it was seized by the British during the war. Whether or not it was the same ship, one with the same name is mentioned in "Papers of the American Slave Trade." The Perkins family had also started their West Indies trade after starting life in Hingham.*

Time to Speak of Commerce, of Cabbages and Kings

What we learn from reading the diaries of various officials in the new U.S. government is that the consular appointments seemed to be rewards granted to men willing to engage in their own commercial business abroad and in turn send intelligence back to the President and his cabinet officials. To illustrate this point, read the biography of James Murray Robbins, son of Dolly Forbes' sister Elizabeth. Robbins was born and reared in Milton and actually moved into the Brush Hill mansion in 1805, where the Forbes girls had lived with their aunt before the revolution. The details were filled in by the Appendix to the Letters of James Murray, Loyalist (p. 310):

> James Murray Robbins ... was born June 30, 1796, in the old Gooch house on Milton Hill. When he was nine years old his father removed from Milton Hill to Brush Hill, within the same town, making his residence in the Smith house, which had become the property of his wife; and here, eighty years later, the son died. He received his school education at the Milton Academy, which his father [Edward Hutchison Robbins] had been largely instrumental in founding, and of whose board of trustees the father and son filled the office of president for seventy-six years. At the age of fifteen [1811] he entered the counting-room of the prominent Boston merchants, James and Thomas Handasyd Perkins, and there acquired a thorough training in business habits. But the time was not propitious for commercial enterprise or success; the widespread stagnation of business, consequent upon the blockade maintained by the British fleet, and the hardly less oppressive acts of our own government, seemed to bar the way to entering upon the career of a merchant. In 1814 his cousin, John Murray Forbes, who was consul-general at Hamburg, invited him to accept official employment at the consulate; and it is not difficult to imagine how gladly the boy of eighteen must have exchanged the round of dull and apathetic duty in the counting-room for the excitement of the voyage and of foreign travel.

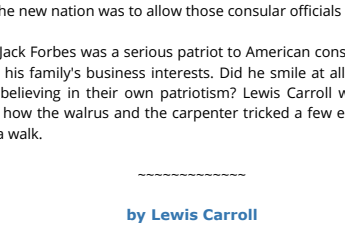
By 1811 Ralph had already been married to Margaret Perkins 12 years, and the brothers had given up trade in the West Indies for the East Indies, with China. In the meantime the young Robbins cousin went to Europe to replace Ralph Forbes. The editor of The Letters reports that President Monroe, through his secretary of state, Jack's old friend J.Q. Adams, called Forbes home and entrusted him with negotiations following Napoleon's defeat at the hands of the British, while the teenage Robbins was sent to Elsinore [Helsingor], Denmark, not far from Jack's 1813 post in Copenhagen. Was he merely there to keep his eyes and ears open and courier intelligence back?

The United States, as the only republic then in existence, had been engaged in war with the British monarchy since 1812, philosophically assisted throughout by the French after their own revolution against King Louis began in 1787. (See timeline and interactive maps.) The defeat of Napoleon in 1815 by an alliance between England and Prussia did not bode well for self-government. Did Jack Forbes laugh when the American officials trusted him with America's foreign affairs? Did President Monroe, the last Founding Father to serve as chief executive of the United States, know what was about to hit the fan? Did anyone understand at the time that the cost of such intelligence to the new nation was to allow those consular officials free reign in smuggling drugs?

We can only wonder now if Jack Forbes was a serious patriot to American constitutional government or whether he was only looking out for his family's business interests. Did he smile at all the brave oyster-like young men who followed in his steps, believing in their own patriotism? Lewis Carroll would later describe such gullible patriots well in his poem of how the walrus and the carpenter tricked a few eager oysters into becoming lunch by merely inviting them for a walk.

~~~~~~~~~~~~~~

by Lewis Carroll



from *Through the Looking-Glass and What Alice Found There*, 1872

The Walrus and the Carpenter
The sun was shining on the sea,
Shining with all his might:
He did his very best to make
The billows smooth and bright--
And this was odd, because it was
The middle of the night.

The moon was shining sulkily,
Because she thought the sun
Had got no business to be there
After the day was done--
"It's very rude of him," she said,
"To come and spoil the fun!"

The sea was wet as wet could be,
The sands were dry as dry.
You could not see a cloud, because
No cloud was in the sky:
No birds were flying overhead--
There were no birds to fly.

The Walrus and the Carpenter
Were walking close at hand;
They wept like anything to see
Such quantities of sand:
"If this were only cleared away,"
They said, "it would be grand!"

"If seven maids with seven mops
Swept it for half a year.
Do you suppose," the Walrus said,
"That they could get it clear?"
"I doubt it," said the Carpenter,
And shed a bitter tear.

"O Oysters, come and walk with us!"
The Walrus did beseech.
"A pleasant walk, a pleasant talk,
Along the briny beach:
We cannot do with more than four,
To give a hand to each."

The eldest Oyster looked at him,
But never a word he said:
The eldest Oyster winked his eye,
And shook his heavy head--
Meaning to say he did not choose
To leave the oyster-bed.

But four young Oysters hurried up,
All eager for the treat:
Their coats were brushed, their faces washed,
Their shoes were clean and neat--
And this was odd, because, you know,
They hadn't any feet.

Four other Oysters followed them,
And yet another four;
And thick and fast they came at last,
And more, and more, and more--
All hopping through the frothy waves,
And scrambling to the shore.

The Walrus and the Carpenter
Walked on a mile or so,
And then they rested on a rock
Conveniently low:
And all the little Oysters stood
And waited in a row.

"The time has come," the Walrus said,
"To talk of many things:
Of shoes--and ships--and sealing-wax--
Of cabbages--and kings--
And why the sea is boiling hot--
And whether pigs have wings."

"But wait a bit," the Oysters cried,
"Before we have our chat;
For some of us are out of breath,
And all of us are fat!"
"No hurry!" said the Carpenter.
They thanked him much for that.

"A loaf of bread," the Walrus said,
"Is what we chiefly need:
Pepper and vinegar besides
Are very good indeed--
Now if you're ready, Oysters dear,
We can begin to feed."

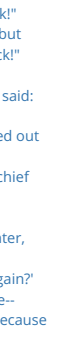
"But not on us!" the Oysters cried,
Turning a little blue.
"After such kindness, that would be
A dismal thing to do!"
"The night is fine," the Walrus said.
"Do you admire the view?

"It was so kind of you to come!
And you are very nice!"
The Carpenter said nothing but
"Cut us another slice:
I wish you were not quite so deaf--
I've had to ask you twice!"

"It seems a shame," the Walrus said,
"To play them such a trick,
After we've brought them out so far,
And made them trot so quick!"
The Carpenter said nothing but
"The butter's spread too thick!"

"I weep for you," the Walrus said:
"I deeply sympathize."
With sobs and tears he sorted out
Those of the largest size,
Holding his pocket-handkerchief
Before his streaming eyes.

"O Oysters," said the Carpenter,
"You've had a pleasant run!
Shall we be trotting home again?'
But answer came there none--
And this was scarcely odd, because
They'd eaten every one.



Walrus wept as Carpenter ate the oysters.

To Be Continued....

Posted by Linda Minor at 5:07 PM No comments: Links to this post

Labels: China trade, globalism, opium trade, Slave trade

Monday, December 10, 2012

SOPHISTS AND OTHER SCOUNDRELS

Part Two

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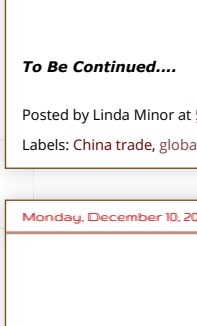
Part 2 - Scooter Libby's Client
Marc Rich



Marc Rich

Amid rumors that special prosecutor Patrick Fitzgerald is close to indicting White House officials in the Plame leak case are reports that Scooter Libby was Judith Miller's source of information. Part One of this series explored Libby's "handler," Leonard Garment, a Brooklyn attorney who ushered Libby into three different law firms.

As an attorney in one of those firms, Libby represented his wealthiest and most mysterious client—Marc Rich. Only one of a myriad of Rich's attorneys, Libby, nevertheless, worked for the metal and oil trader for a period of eighteen years. Understanding Marc Rich is essential in understanding Scooter Libby and the financial network which invaded Iraq.

Strategic Metals

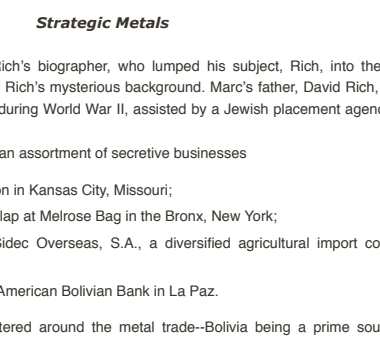
Craig Copetas, Marc Rich's biographer, who lumped his subject, Rich, into the category of the "Metal Men," [1] attempted to trace Marc Rich's mysterious background. Marc's father, David Rich, a descendant of the Belgian *Reich* family who fled Europe during World War II, assisted by a Jewish placement agency, changed his family's surname to Rich.

David Rich engaged in an assortment of secretive businesses

1. Jewelry distribution in Kansas City, Missouri;
2. Importation of burlap at Melrose Bag in the Bronx, New York;
3. Expansion into Sidec Overseas, S.A., a diversified agricultural import company which traded with Bolivian merchants; and
4. Setting up of the American Bolivian Bank in La Paz.

All of this industry centered around the metal trade--Bolivia being a prime source of silver, zinc, antimony, lead, cadmium, tungsten, gold, and tin since the sixteenth century. In 1976 Bolivia added lithium, a necessary ingredient in nuclear weapons, to its stock of strategic minerals.

While his father was busy trading, young Marc was quietly attending school and going to summer camp. He graduated from the private "Rhodes School" in mid-town Manhattan in 1952, just ten years before a future commerce secretary, Ron Brown, would receive his diploma there.[2]



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An advertisement for the school in 1917 (above) sported photographs of selected members of its illustrious faculty, which included former Harvard and Columbia professor Adolphe Cohn; Alexis Irene du Pont Coleman, a scion of the gunpowder and chemicals family that owned Dupont; and Dr. Josef F. de Fernandez, recruited from New York's Jesuit St. Francis Xavier College. Those years at Rhodes constitute the sum total of Marc Rich's formal education, apart from a year or so of study at New York University. He dropped out of college in 1954 to begin his trading career at Hamburg-based Philipp Brothers.

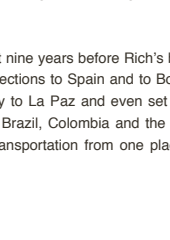
Philipp's London office first opened in 1908. A New York branch appeared in 1927, just nine years before Rich's boss, Ludwig Jesselson, arrived there from Germany. Philipps Brothers also had close connections to Spain and to Bolivia. David Rich—allegedly in connection with his burlap bag business—traveled frequently to La Paz and even set up a bank there, where the physical commodities business tends to be based, along with Brazil, Colombia and the Ivory Coast.[3] It is impossible to trade physical commodities without arranging for their transportation from one place to another at a time certain.

Marc's twenty years at Philipp Brothers was spent

> "buccaneering between North and South America, Africa and Europe...Copper was king at the time, and Rich was one of the metal's crown princes...He went on to learn tungsten under the direction of Henry Rothschild and Steven Dale, a former British commando who was the tungsten expert...." [4]

Rich's reward was a posting to the Philipp Brothers office in Madrid as manager in 1967. He used this outpost as a base through West Africa and the Middle East, and he gained contacts through his seat on the European management committee in Zug, Switzerland.

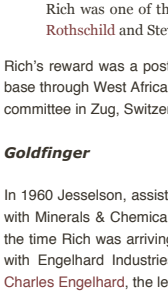
Goldfinger



Andre Meyer

In 1960 Jesselson, assisted by his friend Andre Meyer of Lazard Freres, merged the firm with Minerals & Chemicals (Minorco). A second major change occurred in 1967—about the time Rich was arriving in Madrid—when Andre Meyer convinced Jesselson to merge with Engelhard Industries, owned by "Meyer's friend and sometime business partner Charles Engelhard, the legendary inspiration for Ian Fleming's Goldfinger." [5]

Engelhard (sometimes called "The Platinum King") also fabricated gold and other precious metals and lived in northwestern New Jersey's aristocratic hunt country. His neighbors included Treasury Secretaries Douglas Dillon and Nicholas Brady—two partners in the Dillon, Read investment bank. Both Dillon, Read and Lazard Freres--as well as being favored investment arms of Rockefeller corporations and banks-- were also heavily involved in investments in the State of Texas, whose favorite son (Lyndon Johnson) had been in control of the Presidency since November 22, 1963.



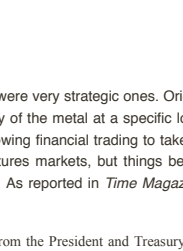
Engelhard's wife Jane was the daughter of a Brazilian diplomat, and her daughter, Annette Mannheimer, from a previous marriage (whom Engelhard adopted) married Samuel Pryor Reed, grandson of armaments tycoon Samuel F. Pryor. As Percy Rockefeller's agent at Remington Arms in 1914, Pryor had a key position in mobilizing American industry, supervised by the War Industries Board, to manufacture and sell weapons to the Allies in World War I.

In "Who 'Created' Condi Rice?"—Linda Minor explored how Eugene Meyer, Jr. and Bernard Baruch used the War Finance Corporation and the War Industries Board "to administer minerals and materiel into a massive war machine." It was this war profiteering endeavor which first brought Samuel Bush (George H.W. Bush's grandfather) into government operations—as discussed in "Money and Gunpowder, Part Two—A Place for Cannons". [6]

Liquefying the Metals Trade

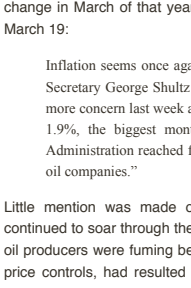
The metals Marc Rich brokered prior to 1973, from the aspect of national defense, were very strategic ones. Originally, such trading had to be done in the field, as it necessarily involved physical delivery of the metal at a specific location and time. Eventually, however, futures contracts were devised for most metals, allowing financial trading to take place at the commodities exchange. Before 1973, oil had never been traded on the futures markets, but things began to change in March of that year when President Nixon imposed price controls on oil. As reported in *Time Magazine* on March 19:

> Inflation seems once again to be getting out of hand, despite repeated assurances from the President and Treasury Secretary George Shultz that Washington retains ample authority to crack down on price boosters. There was even more concern last week after the Government reported that in February the unadjusted wholesale price index jumped 1.9%, the biggest monthly rise in 22 years. With that, in an obvious attempt to regain its credibility, the Administration reached for its vaunted 'stick in the closet' and re-imposed direct controls on the nation's 23 biggest oil companies."



Shah Pahlavi of Iran

Little mention was made of the price controls on oil, however, as food prices continued to soar through the summer. Marc Rich, however, knew that Middle Eastern oil producers were fuming because the dollar devaluation in 1971, combined with the price controls, had resulted in a net loss of income to them. At that point, through trading contacts with the royal Pahlavi family of Iran, Rich began to ship Iranian oil to Spanish refineries. He bought $150 million worth of crude oil at $5 above spot, only to be forced to sell by his bosses in New York, who panicked before the embargo set in. [7]

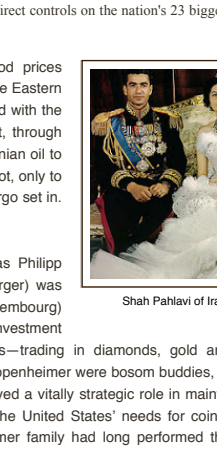


Harry Oppenheimer

Virtually all the trading done at Phibro (as Philipp Brothers was called after the Minorco merger) was extremely secretive. Minorco, S.A. (Luxembourg) was then the international trading and investment arm of the Oppenheimer mining interests—trading in diamonds, gold and other precious materials. Engelhard and Harry Oppenheimer were bosom buddies, who first met in South Africa. Just as Engelhard played a vitally strategic role in maintaining a predictable level of necessary metals for the United States' needs for coinage and national defense purposes, the Oppenheimer family had long performed the same functions for the British Empire.

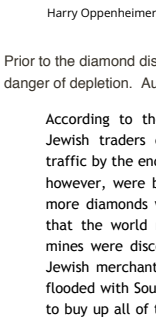
Diamonds are Forever

Prior to the diamond discoveries in South Africa in the 1860's, the supply of that precious gem was feared to be in danger of depletion. Author Edward Jay Epstein relates:



Rough diamond

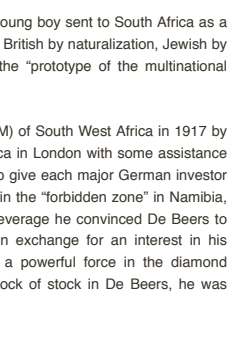
> According to the records of the British East India Company, Jewish traders controlled virtually the entire world diamond traffic by the end of the eighteenth century. The Brazilian fields, however, were becoming rapidly depleted of diamonds, and no more diamonds were coming out of India. Just as it appeared that the world might run out of diamonds, the South African mines were discovered in the eighteen-sixties. The ten leading Jewish merchants in London, fearing that the market would be flooded with South African diamonds, quickly formed a syndicate to buy up all of the production from these new mines. A number of the merchants in this syndicate had also acquired large stock holdings in the De Beers monopoly itself. One of the merchants who took the lead in arranging the deal with Cecil Rhodes was Dunkelsbuhler. Dunkelsbuhler brought into his London company a sixteen year old apprentice from Friedberg, Germany. [8]



Ernest Oppenheimer, son of a cigar merchant, was that young boy sent to South Africa as a buyer for Anton Dunkelsbuhler in 1901. "German by birth, British by naturalization, Jewish by religion, and South African by residence," he became the "prototype of the multinational businessman." [9]

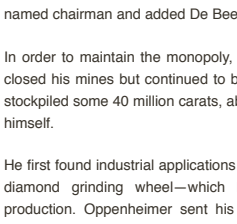
Oppenheimer created Consolidated Diamond Mines (CDM) of South West Africa in 1917 by first setting up Anglo-American Corporation of South Africa in London with some assistance from his brothers and the House of Morgan. He offered to give each major German investor shares in Anglo-American in exchange for their holdings in the "forbidden zone" in Namibia, which he held in a South African corporation. With this leverage he convinced De Beers to trade him a share of stock and a seat on the board in exchange for an interest in his properties. By 1929, he and his cousins had become a powerful force in the diamond monopoly. With support from Lord Rothschild, whose bank still owned a large block of stock in De Beers, he was named chairman and added De Beers to his Anglo-American Company.

In order to maintain the monopoly, even though demand for diamonds during the depression was nil, Oppenheimer closed his mines but continued to buy from whatever source was presented to the company. By 1937 De Beers had stockpiled some 40 million carats, about a 20-years supply. Threatened with bankruptcy, he decided to create a market himself.



He first found industrial applications for poor-quality diamonds in manufacturing--diamond grinding wheel—which became an indispensable tool for mass production. Oppenheimer sent his son Harry to New York City to work with Madison Avenue strategists on a campaign touting the four "C's" of diamond perfection—cut, color, clarity, carat—helping sales to increase more than 50 percent in two years. A new custom was declared—diamond engagement rings—with the slogan "a diamond is forever," a slogan adapted by Ian Fleming for one of his James Bond novels.

The Gold Fix



Gold, Exchange Rates & the London Fixing

London first became the world gold center in 1671 when Moses Mocatta arrived from Amsterdam. His bank, called Mocatta & Goldsmid, would begin operation in 1684, a mere ten years before the Bank of England was established. Mocatta would act as broker for buying and selling foreign gold that arrived at the Bank of England. Great Britain first adopted a formal gold standard in 1816. Nathan Mayer Rothschild had his first bullion dealings with the Bank of England in 1824; then Pixley & Abel began operating in 1852, followed the next year by Samuel Montagu & Company. Germany and the U.S. adopted the gold standard early in the 1870's. Most countries, however, suspended gold payments once World War I commenced, and the gold standard collapsed. At war's end in 1919 London became the center for "fixing" the price of gold twice a day in a formal meeting at the Rothschild offices in New Court, St. Swithins Lane in London.

Britain, devastated by economic depression, abandoned the gold standard in 1931, though the United States kept the price of gold fixed at $20.67 per ounce until 1933, when America prohibited gold exports, ended convertibility of dollars into gold, and mandated that all gold held by citizens be exchanged for dollars. In January 1934 the price of gold was devalued to $35 per ounce, and the gold standard resumed. London continued its fixings until the outbreak of World War II in September 1939, when they were suspended for almost fifteen years.

The task of keeping the sterling price of gold at $35 per ounce became increasingly more difficult as the market grew. As early as 1961 the Bank of England had to occasionally sell from its reserves on the fix to hold the $35 per ounce. This led to the creation of the gold pool—an alliance between central banks—to maintain the $35 level. The pool worked well until 1965, when private buying of gold began to exceed mine supply, forcing central banks to sell reserves into the market to hold the price steady.

A run on gold in March 1968 resulted in suspension of gold selling in London for two weeks—reopening with prices thereafter fixed in dollars rather than sterling. The gold price, free to float, was set twice a day, morning and afternoon. London's action was followed two years later by President Nixon, who in August 1971 repudiated the United States' obligation to redeem its dollars in gold. By the end of 1974, gold had soared from $35 to $195 per ounce.

Gold is a stabilizing influence in global trade, useful in maintaining a level of confidence in the government's ability to ensure the value of investments both at home and abroad. The author previously mentioned the importance of gold in an article called "Taking the Golden Eggs." The strategic value of other metals was discussed in "Who "Created" Condi Rice?" These two articles are part of an ongoing project by this author to describe the historical trail that has been taking America and the rest of the world into a new world order—a centralized order where local control no longer exists. Implicit in this new world order is the recognition of one absolute truism: *Power comes from controlling vital and strategic commodities.* The countries which are the sources of those commodities must, therefore, be dominated and not allowed to exercise any form of independence or nationalism.

A Citizen of the World

Marc Rich fits snugly into this new world order. Jack Quinn, Rich's lead attorney in charge of obtaining a pardon from President Clinton, explained the crime for which Rich was convicted on CNN's *Larry King* program:

> This case arose out of a complicated series of oil transactions that occurred during the time when we had price controls on oil. And, in essence, what happened was that Marc Rich and major United States oil companies, including Arco, had linked domestic transactions to foreign transactions in an effort, admittedly, to circumvent those price controls. I think they were trying to do so lawfully. But what they tried to do was to find a way to get the real value out of a price of oil. [10]

For years Howard Safir, working for Rudy Giuliani as his New York City police commissioner and later as chief of operations for the U.S. Marshals Service, had been tracking Rich down from one country to another. Safir told Larry King:

> He was hard to get because he had a great deal of influence in a lot of countries, and we were pretty much restricted to just a few countries where we could apprehend him. He had a Bolivian passport, he had a Spanish passport. The Israelis were very clear they weren't going to help us apprehend him. So it was very difficult to get him, plus he had a lot of money....You know, Marc Rich is one of those people who considers himself a citizen of the world, inconvenienced by the petty laws of nations. And the message that this sends is outrageous. [11]

Such "world citizenship" makes perfect sense, of course, to those persons who make their livelihood from global trade—what can best be termed the merchant adventurer class which brought us slavery, tobacco, rum, spices, and last but not least, opium.

NOTES:

[1] A. Craig Copetas, *Metal Men: How Marc Rich Defrauded the Country, Evaded the Law, and Became the World's Most Sought-After Corporate Criminal* (New York: HarperCollins Publishers, 2001).

[2] Steven A. Holmes, *Ron Brown: An Uncommon Life* (New York: John Wiley & Sons, Inc., 2000). According to Holmes, the school was a favorite preparatory academy for sons of middle-class black families.

[3] *The Wall Street Journal*, May 24, 1984.

[4] Copetas, *Metal Men*, 80.

[5] Judith Ramsey Ehrlich and Barry J. Rehfeld, *The New Crowd: The Changing of the Jewish Guard on Wall Street* (New York: Little, Brown and Company, 1989), 197.

[6] This series will be continued as time permits. Interested readers are encouraged to read *George Bush: The Unauthorized Biography*—by Webster G. Tarpley & Anton Chaitkin—for more detail about the Pryor family's link to the Bush network, which revolves around the Brown Brothers Harriman investment bank, Rockefeller banking and oil interests, and investments of the Payne and Whitney families.

[7] Mark Honigsbaum, *The Observer*, May 13, 2001.

[8] Edward Jay Epstein in *The Rise and Fall of Diamonds: The Shattering of a Brilliant Illusion* (New York: Simon and Schuster, 1982). (This book appears online at Epstein's website.) Epstein adds: "Until the early part of the eighteenth century, the entire world's supply of diamonds came from India. The caravans that brought them across Arabia traded these rare stones to Jewish traders in Aden and Cairo for gold and silver. The traders then resold them to Jewish merchants in Venice, Lithuania, and Frankfurt. It was a natural enterprise for the Jews scattered throughout central Europe: Since they were moneylenders, they had to concern themselves with assessing, repairing, and selling gems that had been offered to them as collateral for loans. They also had close connections with the Jewish trading centers in the Ottoman Empire through which all the Indian diamonds passed.... When the Jewish diamond merchants and workers were forced by the Inquisition to flee from Lisbon and Antwerp, they resettled in Amsterdam. Since cutting factories required no equipment except for hand tools, which were portable, the Jews instantly transformed Amsterdam into the diamond center of Europe. By the middle of the seventeenth century, Jewish diamond merchants helped finance the Dutch East India Company, which organized its own trade route to India. So Amsterdam then replaced Lisbon as the port of entry in Europe for India's diamonds. Just as the fields in India began to cease yielding diamonds, more were discovered in 1725 in Brazil. The Dutch maneuvered to gain control of this traffic, but now they had to contend with the rise of British sea power. By the mid eighteenth century, the British had almost completely taken over the trade in diamonds, both from India and Brazil. As the trading center for uncut diamonds shifted from Amsterdam to London, so did the Jewish diamond merchants.... The Jewish traders sent the diamonds to cutting factories that had been re-established in Antwerp, and from there, the jewels were sold to all the royal courts of Europe. To select and evaluate these diamonds, the courts chose Jewish gem experts, who became known as 'Court Jews'"

[9] *Ibid.*

[10] Transcript of "Larry King," February 8, 2001 broadcast at CNN website.

[11] Safir indicated as well that in 1986 Rich "had a lawyer from East Germany offer $225 million for him and Pinky Green if the prosecutions were wiped out."

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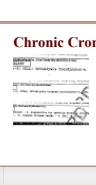

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